



MEMORANDUM

TO: Mayor and City Council Members

FROM: Anthony J. Snipes, Assistant City Manager *AJS*

DATE: April 1st, 2015

SUBJECT: Additional Information re: ESPN Summer X Games and METF

During the Tuesday, March 31st Council work session there was significant discussion regarding Item 4 on the April 2nd Council agenda, which would amend Resolution No. 20130523-019. Since that discussion, City staff has worked with representatives from the Circuit Events Local Organizing Committee (CELOC) to provide detailed information in response to questions from Council.

These responses can be found in the Council's Q & A report here:

<http://austin.siretechnologies.com/sirepub/mtgviewer.aspx?meetid=786&doctype=AGENDA>

Additionally, I have inquired with the City's Acting Government Relations Officer Karen Kennard as to the status of the state legislation related to this matter. She has informed me that Senate Bill 293 has been approved through both the Texas House and the Texas Senate. Per her discussion with staff from the Governor's Office, SB 293 is currently on the Governor's desk awaiting signature, which will likely occur within the week. The bill will become effective immediately because the bill received a two-thirds vote in both the House and Senate.

Finally, I would also like to pass along the attached memo submitted to the City on behalf of ESPN and COTA representatives. This memo expands on the relationship between the Major Events Trust Fund (METF) and the selection of Austin as the host of the Summer X Games.

Please let me know if you have any questions.

cc: Marc A. Ott, City Manager
Mark Tester, Director, Austin Convention Center Department

Attachment



April 1, 2015

On behalf of ESPN, Timothy Reed, VP of X Games and Circuit of The Americas, Jason Dial, CEO

Anthony Snipes
Assistant City Manager
City of Austin
301 W. Second Street
Austin, Texas 78701

SUBJECT: ESPN and COTA Memo to City of Austin re: METF Approval

During a very competitive bidding process in 2013, ESPN chose the city of Austin as the home of X Games 2014-2017. A key factor in this decision was the economic incentives offered by Texas Major Event Trust Fund (METF). Subsequent to awarding the bid, an error was found in the statutory language approved by the Texas legislature. This statutory language expressly named the X games as an event under the METF, but failed to name ESPN as the named organizer and site selection organization under the METF application. ESPN was also told that the Legislature recognized the error and committed to reviewing the request and proposing a correction for X Games to be eligible for METF in 2015.

Senate bill 293 was filed on January 9th to address METF as it relates to the X Games in Austin. However, only during the March 19 to March 23rd time period (*within the last 2 weeks*), SB 293 was placed on the intent calendar for the Senate and the Senate suspended the regular order of business to expedite voting on SB 293 for "clarification of the law governing eligibility of certain events for funding under the METF" and the Senate passed SB 293 with more than a 2/3 majority vote. SB 293 passed both the House and Senate (after House amendment and Conference Committee) by more than a 2/3 majority vote in each chamber and today is sitting on the Governor's desk for signature.

While it is true that X Games has already committed to 2015 and the next 2 years, through 2017, their decision for this commitment was based on Austin being the best city, and Texas being the best state for the event, not only for the choice of venue but for its fiscal attractiveness. If the X Games is not eligible to be considered for METF in 2015 and future years, the future of the X Games in Austin will be reviewed by ESPN based on a reduction of the projected financial viability relative to that established when there was some assurance of METF support.

We expect in the range of \$1 million to \$2 million positive impact in METF funding versus the current approved ETF funding. In terms of the current state ETF legislation and city approvals, X Games would be eligible for only 85% of increments and tax increases from the approved direct expense reimbursement through the current ETF. However, METF would also allow the X Games reimbursement of 100% of the direct event expenses, plus all in and induced (indirect) expenses. These are important components for an event like this which requires custom built temporary facilities completely rebuilt for each year's event that few venues can afford to stage or prepare.

The value of the X Games to the Austin and Texas community is easily established. Furthermore the attraction of the Games is particularly notable for its diverse fan base and diverse participants and attracts the important socio economic age groups between 16 and 30 where the advertising community has defined the bulk of the growth in consumption. ESPN, the largest sports network, televised viewership of the 2014 X Games featuring the City of Austin total reach was 30.2 million people.